CITADEL BROADCASTING CORP
Form S-1/A
November 14, 2002

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**As filed with the Securities and Exchange Commission on November 13, 2002**

**Registration No. 333-89844**

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 20549**

**AMENDMENT NO. 1**
**TO**
# FORM S-1

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

# Citadel Broadcasting Corporation

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware** | **4832** | **51-0405729** |
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**City Center West, Suite 400**
**7201 West Lake Mead Blvd.**
**Las Vegas, Nevada 89128**
**(702) 804-5200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Donna L. Heffner**
**City Center West, Suite 400**
**7201 West Lake Mead Blvd.**
**Las Vegas, Nevada 89128**
**(702) 804-5200**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

***Copies to:***

**David C. Golay**
**Fried, Frank, Harris, Shriver & Jacobson**
**One New York Plaza**
**New York, New York 10004**
**(212) 859-8000**

**Robert E. Buckholz, Jr.**
**Sullivan & Cromwell**
**125 Broad Street**
**New York, New York 10004**
**(212) 558-4000**

**Approximate date of commencement of proposed sale to public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / .

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to Be Registered | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee |
|---|---|---|
| Common stock, $.01 par value | $ 575,000,000 | $ 52,900(2) |

(1) Estimated pursuant to Rule 457(o) under the Securities Act solely for the purpose of calculating the registration fee.

(2) Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated November 13, 2002.**

Shares

[LOGO]

# Citadel Broadcasting Corporation

# Common Stock

This is an initial public offering of common stock of Citadel Broadcasting Corporation.

Citadel is offering of the shares to be sold in this offering. The selling stockholders identified in this prospectus are offering an additional shares. Citadel will not receive any of the proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $ . Citadel intends to list the common stock on the New York Stock Exchange under the symbol "CDL".

*See "Risk Factors" on page 13 to read more about factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Initial price to public | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds, before expenses, to Citadel | $ | $ |
| Proceeds, before expenses, to the selling stockholders | $ | $ |

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from the selling stockholders at the initial price to public less the underwriting discount.

**Goldman, Sachs & Co.** **Credit Suisse First Boston**

**Deutsche Bank Securities** **Merrill Lynch & Co.**

**Bear, Stearns & Co. Inc.** **JPMorgan**
**Salomon Smith Barney** **Wachovia Securities**

Prospectus dated , .

**CERTAIN DEFINITIONS AND MARKET AND INDUSTRY DATA**

We based or derived the station and market data we present in this prospectus from third-party sources. Unless otherwise indicated:

- we derived all audience share data and audience ranking information from surveys of people ages 25-54, listening Monday through Sunday, 6 a.m. to 12 midnight, pertaining to each market, based on the Summer 2002 Market Report published by The Arbitron Ratings Company for the 4-book markets, and the Spring 2002 Market Report published by The Arbitron Ratings Company for the 2-book markets;

- we derived station group revenue ranking information from Miller, Kaplan, Arase & Co., with respect to the markets it covers, and otherwise from "Investing in Radio Market Report 2002" (1st edition) published by BIA Financial Network, Inc., for the full year 2001;

- we derived our 2001 market revenue rank, the number of owned and operated stations in the market and the number of station groups in the market from BIA Financial Network, Inc.'s "Investing in Radio Market Report 2002" (1st edition);

- we obtained our total number of listeners ages 12+ from The Arbitron Ratings Company;

we derived radio advertising industry revenue share levels for industry participants from revenue estimates for each company prepared by the "BIA*fn* Media Access Pro (2002)" produced by BIA Financial Network, Inc., and total radio advertising industry revenue from the Radio Advertising Bureau; and

we derived radio broadcasting market share of aggregate advertising revenue in each of 1991 and 2001, as well as radio broadcasting, television broadcasting, newspaper publishing and outdoor advertising compound annual growth rates from 1991 through 2001, from information provided by Zenith Optimedia.

While we believe these industry publications are reliable, we have not independently verified them and we make no representations as to their accuracy.

The terms "adjusted EBITDA", "free cash flow", "local marketing agreement" and "LMA" are used in various places in this prospectus.

Adjusted EBITDA consists of operating income (loss) plus non-recurring merger charges, depreciation and amortization, and corporate non-cash deferred stock compensation.

Free cash flow consists of adjusted EBITDA less interest expense (net), cash taxes and all capital expenditures.

Adjusted EBITDA and free cash flow, as we define the terms, may not be comparable to similarly titled measures employed by other companies. Although adjusted EBITDA and free cash flow are not measures of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP, we believe that they are useful to an investor in evaluating an investment in our common stock because they are measures widely used in the radio broadcasting industry to evaluate a radio company's operating performance. However, adjusted EBITDA and free cash flow should not be considered in isolation or as substitutes for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP or as measures of liquidity or profitability.

A local marketing agreement, or LMA, is an agreement under which a Federal Communications Commission, or FCC, licensee of a radio station makes available, for a fee, air time on its station to another party. The other party provides programming to be broadcast during this airtime and collects revenue from advertising it sells for broadcast during the programming.



## PROSPECTUS SUMMARY

### Our Business

Citadel is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. We have historically focused on owning and operating radio stations in mid-sized markets, which we define as those ranked 30 to 150 by market revenue. As of September 30, 2002, we owned and operated 139 FM and 61 AM radio stations in 41 markets located in 24 states across the country, covering a wide range of programming formats. We rank first or second in audience share in 29 of our 38 rated markets.

Approximately 92% of our 2001 revenue was derived from stations located in mid-sized markets. We believe mid-sized markets are attractive because they typically have fewer signals and competitors than larger markets, derive a significant portion of their revenue from local advertisers and offer substantial opportunities for further consolidation. Accordingly, we believe mid-sized markets offer greater opportunities for revenue and adjusted EBITDA growth, both organically and through acquisitions.

Approximately 68% of our 200 owned and operated stations have been acquired since January 1, 1999. Prior to our ownership, many of these stations were owned by smaller, local operators lacking the management or financial resources of a larger company. We believe our application of professional, large market practices and development of regional clusters will enable us to improve the operations and financial performance of these stations.

Our Chairman and Chief Executive Officer, Farid Suleman, joined us in March 2002. Mr. Suleman has over 16 years of experience in the media industry and was the Chief Executive Officer of Infinity Broadcasting prior to joining our company. Under his leadership, complemented by our existing management team, we have a renewed focus and discipline on our business operations and on maximizing the value and growth opportunities of our existing stations. These efforts include investing in new programming and improving sales practices to drive revenue growth, and reducing our cost structure to increase free cash flow generation. In addition, we intend to supplement organic growth with strategic acquisitions that will be accretive to our free cash flow.

**Operating Strategy**

Our operating strategy is to maximize revenues, adjusted EBITDA and free cash flow through the ownership and operation of leading radio station clusters in the nation's most attractive markets. Specifically, we seek to:

- operate and develop our stations in clusters in order to increase operating efficiencies and reach a broader audience attractive to advertisers, as well as to compete more effectively with other forms of local media;
- position each station as a distinct brand through an emphasis on programming, including developing significant on-air talent and recognizable brand names to enhance the presence, marketability and competitiveness of our stations within each market;
- build geographic, format and customer diversity, reducing our dependence on any particular local economy, market, station, format, on-air personality or advertiser;
- apply aggressive sales and marketing efforts to capture a greater share of advertising revenues;
- participate in local communities to reinforce our position and improve the marketability of our stations to advertisers who are targeting these communities; and
- optimize technical capabilities in order to operate stations with the strongest signals in their respective markets.



**Acquisition Strategy**

Our acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing markets or provide entry into new markets. Although we primarily focus on acquiring and developing leading station clusters in mid-sized markets, we also consider acquisitions in larger markets. In analyzing acquisition opportunities, we consider the following criteria:

- our ability to improve the operating performance of the stations;
- our ability to acquire a new or improve an existing cluster of stations towards achieving a number one or number two revenue share in the market;
- the number and quality of competing commercial radio signals, as well as the number and nature of competitors, in the market;
- the power and quality of the stations' broadcasting signals;
- general economic conditions in the market; and
- our ability to make acquisitions that will be accretive to our free cash flow.



**Our Stations**

The table below summarizes the markets in which we owned and operated radio stations as of September 30, 2002.

| | Number of Owned and Operated | Number of Our Stations(1) | | Our Station Group Audience Share | Our Station Group |
|---|---|---|---|---|---|

| | | Number of Stations in the Market | | Owned and Operated Stations in the Market | | | | | Revenue Rank(3) |
|---|---|---|---|---|---|---|---|---|---|
| | Market Revenue Rank | FM | AM | FM | AM | Number of Station Groups in the Market | Share | Rank(2) | |
| Salt Lake City, UT | 34 | | 23 | 4 | 3 | 19 | 16.9% | 3 | 3 |
| Nashville, TN | 39 | 23 | 26 | 2 | 0 | 29 | 9.0 | 5 | |
| Buffalo, NY | 45 | 14 | 14 | 3 | 2 | 14 | 22.9 | 3 | 3 |
| Providence, RI | 49 | 16 | 20 | 4 | 2 | 20 | 21.8 | 2 | 1 |
| Birmingham, AL | 50 | 18 | 21 | 3 | 2 | 19 | 23.6 | 2 | 2 |
| Oklahoma City, OK | 51 | 23 17 | 13 | 5 | 1 | 13 | 22.2 | 3 | 3 2 |
| Tucson, AZ | 59 | 14 | 14 | 3 | 2 | 11 | 16.8 | 3 | 2 |
| Grand Rapids, MI | 61 | 17 | 15 | 3 | 1 | 11 | 22.0 | 2 | 3 |
| Albuquerque, NM | 62 | 23 | 15 | 5 | 3 | 11 | 30.3 | 1 | 1 |
| Knoxville, TN | 67 | 16 | 21 | 3 | 1 | 18 | 27.6 | 1 | 1 |
| Harrisburg/Carlisle/York, PA | 68 | 13 | 11 | 3 | 2 | 10 | 14.1 | 3 | 3 |
| Syracuse, NY | 70 | 20 | 12 | 3 | 1 | 9 | 25.2 | 2 | 2 |
| Columbia, SC | 73 | 15 | 9 | 3 | 1 | 10 | 17.5 | 3 | 3 |
| Baton Rouge, LA | 74 | 13 | 9 | 4 | 2 | 8 | 26.8 | 1 | 3 |
| Allentown/Bethlehem, PA | 76 | 8 | 10 | 2 | 0 | 11 | 20.3 | 2 | 2 |
| Colorado Springs, CO | 77 | 14 | 8 | 3 | 2 | 10 | 26.7 | 1 | 1 |
| Wilkes-Barre/Scranton, PA | 78 | 22 | 18 | 7 | 4 | 14 | 21.0 | 2 | 2 |
| Lansing/East Lansing, MI | 82 | 10 | 7 | 4 | 2 | 6 | 40.4 | 1 | 1 |
| Chattanooga, TN | 85 | 15 | 15 | 3 | 1 | 16 | 23.2 | 2 | 2 |
| Charleston, SC | 85 | 18 | 10 | 5 | 3 | 11 | 34.3 | 1 | 2 |
| Reno, NV | 87 | 17 | 10 | 3 | 1 | 10 | 21.2 | 2 | 1 |
| Spokane, WA | 90 | 17 | 10 | 4 | 3 | 10 | 23.4 | 3 | 2 |
| Boise, ID | 91 | 17 | 9 | 4 | 1 | 9 | 24.8 | 1 | 2 |
| Little Rock, AR | 93 | 23 | 14 | 8 | 3 | 17 | 32.1 | 1 | 2 |
| Saginaw/Bay City, MI | 101 | 13 | 6 | 5 | 0 | 7 | 37.9 | 1 | 1 |
| Modesto, CA | 105 | 18 | 6 | 4 | 1 | 11 | 20.4 | 2 | 1 |
| Johnson City/Kingsport/Bristol, TN | 113 | 13 | 21 | 2 | 3 | 19 | 18.2 | 2 | 2 |
| Flint, MI | 116 | 8 | 8 | 1 | 1 | 7 | 8.3 | 3 | 3 |
| Portsmouth/Dover/Rochester, NH | 123 | 10 | 6 | 4 | 0 | 7 | 9.4 | 2 | 2 |
| Portland, ME | 123 | 17 | 7 | 6 | 0 | 6 | 36.5 | 1 | 2 |
| Lafayette, LA | 129 | 22 | 11 | 5 | 3 | 13 | 29.1 | 2 | 2 |
| Worcester, MA | 148 | 5 | 7 | 4 | 1 | 7 | 15.2 | 2 | 2 |
| Binghamton, NY | 164 | 11 | 6 | 3 | 2 | 7 | 36.0 | 1 | 1 |
| New London, CT | 174 | 9 | 2 | 2 | 1 | 4 | 12.6 | 1 | 2 |
| Bloomington, IL | 197 | 5 | 1 | 2 | 1 | 2 | 36.7 | 1 | 1 |
| New Bedford, MA | 254 | 6 | 4 | 1 | 1 | 5 | 11.0 | 1 | 1 |
| Augusta/Waterville, ME | 265 | 10 | 5 | 2 | 2 | 4 | 18.0 | 2 | 2 |
| Ithaca, NY | 272 | 5 | 4 | 1 | 1 | 5 | 11.1 | 2 | 2 |
| Other(4) | NR | N/A | N/A | 6 | 1 | N/A | NR | NR | N/A |
| **Total** | | | | **139** | **61** | | | | |

NR-Not rated. N/A-Information not available.

(1)
In addition to the stations listed in this table, we own one FM radio station and four AM radio stations in Tyler/Longview, TX, which are operated by a third party under a local marketing agreement with us. We also operate an FM station in Reno, NV under a local marketing agreement. In addition, on November 5, 2002, we entered into an option agreement to acquire one FM station serving the Oklahoma City, OK market and are currently operating this station under a local marketing agreement.

(2)
The Station Group Audience Share Rank is the ranking of our station group among all station groups within the demographic of people ages 25-54, listening Monday through Sunday, 6 a.m. to 12 midnight based upon the total station group's audience share in that market.

(3)

The Station Group Revenue Rank is the ranking, by station group market revenue, of our station group among all station groups in that market.

(4) Includes radio stations in our Kokomo, IN, Muncie, IN and Presque Isle, ME markets, which are not rated by Arbitron.



Our predecessor company was founded in 1991 and grew rapidly through acquisitions subsequent to the passage of the Telecommunications Act of 1996. In June 2001, affiliates of Forstmann Little & Co. acquired our predecessor company from its public shareholders for an aggregate purchase price, including the redemption of debt and exchangeable preferred stock, of approximately $2.0 billion. Following this offering, affiliates of Forstmann Little will own approximately % of our common stock and will continue to control Citadel.

Our principal executive offices are located at City Center West, Suite 400, 7201 West Lake Mead Boulevard, Las Vegas, Nevada 89128 and our telephone number at that address is (702) 804-5200. Our World Wide Web site address is www.citadelbroadcasting.com. The information in the website is not part of this prospectus and is not incorporated by reference.



**The Offering**

| | |
|---|---|
| Common stock being offered by: | |
| Citadel Broadcasting Corporation | shares |
| The selling stockholders | shares |
| Total | shares |
| Common stock outstanding immediately after this offering | shares |
| Use of proceeds | We estimate that our net proceeds from the sale of the shares offered by us, after deducting estimated expenses and underwriting discounts and commissions of $ million, will be approximately $ million. We intend to use substantially all of the net proceeds to repay approximately $ million of senior debt currently outstanding under our existing credit facility. We will not receive any proceeds from the sale of shares by the selling stockholders. |
| Proposed NYSE symbol | CDL |
| Risk factors | See "Risk Factors" beginning on page 13 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock. |

Unless we specifically state otherwise, the information in this prospectus does not take into account the sale of up to shares of common stock, which the underwriters have the option to purchase from the selling stockholders to cover over-allotments. All information in this prospectus assumes the issuance and sale of common stock in this offering at an assumed initial public offering price of $ per share, the mid-point of the range of the initial public offering prices set forth on the cover page of this prospectus. Unless otherwise indicated, the information in this prospectus also assumes that, immediately before the closing of this offering, (i) each outstanding share of our Class B common stock will be exchanged for shares of Class A common stock, (ii) our Class A common stock will be redesignated as common stock and (iii) our certificate of incorporation will be amended and restated to reflect a single class of common stock, par value $.01 per share.

On June 26, 2001, we acquired all of the outstanding common stock of Citadel Communications Corporation. In this prospectus, we refer to Citadel Communications, together with its wholly owned operating subsidiary Citadel Broadcasting Company, prior to June 26, 2001 as our predecessor company.

**Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations for the Year Ended December 31, 2001 (in thousands)**

| | Actual | | | | |
|---|---|---|---|---|---|
| | Predecessor Company | Company | | | |
| | Period from January 1 through June 25, 2001 | Period from June 26 through December 31, 2001 | Adjustments for Completed Transactions (1) | Adjustments for this Offering (2) | Pro Forma 2001 |
| **OPERATING DATA:** | | | | | |
| Net broadcasting revenue | $ 155,297 | $ 168,187 | $ (1,034) | $ | $ 322,450 |
| Operating expenses: | | | | | |
| Station operating expenses | 111,036 | 112,593 | (2,864) | | 220,765 |
| Corporate general and administrative | 5,620 | 6,038 | (14) | | 11,644 |
| Corporate non-cash deferred stock compensation | 14,773 | | (11,259) | | 3,514 |
| Depreciation and amortization | 53,077 | 99,054 | 45,977 | | 198,108 |
| Non-recurring merger charges (3) | 40,596 | | (40,596) | | |
| Total operating expenses | 225,102 | 217,685 | (8,756) | | 434,031 |
| Operating income (loss) | (69,805) | (49,498) | 7,722 | | (111,581) |
| Interest expense, net | 41,337 | 34,821 | (69) | (20,192) | 55,897 |
| Loss (gain) on sale of assets | 1,128 | 32 | 715 | | 1,875 |
| Other expense (income), net | 794 | 81 | (212) | | 663 |
| Income (loss) before income tax benefit and extraordinary loss | (113,064) | (84,432) | 7,288 | 20,192 | (170,016) |
| Income tax (benefit) (4) | (2,823) | (30,797) | (40,561) | 7,875 | (66,306) |
| Income (loss) before extraordinary loss | $ (110,241) | $ (53,635) | $ 47,849 | $ 12,317 | $ (103,710) |
| **OTHER DATA (5):** | | | | | |
| Cash flow provided by (used in): | | | | | |
| Operating activities | $ (166) | $ 17,641 | $ 1,341 | $ 20,192 | $ 39,008 |
| Investing activities | 2,222 | (1,063,881) | 1,054,209 | | (7,450) |
| Financing activities | (5,187) | 1,046,906 | (1,042,437) | | (718) |

(1) Completed transactions include (a) our acquisition of Citadel Communications in June 2001 as well as the following related transactions: (i) the redemption of substantially all of our subsidiary's $13^1/_4$% Exchangeable Preferred Stock, (ii) the extinguishment of substantially all of Citadel Communications' $10^1/_4$% Senior Subordinated Notes Due 2007 and all of Citadel Communications' $9^1/_4$% Senior Subordinated Notes Due 2008, (iii) the issuance of $500 million of 6% Subordinated Debentures, (iv) the issuance of approximately $1,036 million of common stock and (v) the borrowing of approximately $527 million under a new credit facility, (b) our acquisition of five radio stations in the Tucson, AZ market in July 2001, (c) the disposition of four radio stations in the Monroe, LA market in April 2001 and (d) the disposition of three radio stations, as well as the discontinuation of the right to operate one radio

station under an LMA in the Atlantic City, NJ market on July 1, 2001.

(2)

Pro forma adjustment reflects reduced interest expense and corresponding reduction of income tax benefit after giving effect to the repayment of $282.0 million of indebtedness under our credit facility with the net proceeds from this offering, at an interest rate of 7.2%. See "Use of Proceeds".

(3)

In connection with our acquisition of Citadel Communications, our predecessor company recorded approximately $40.6 million in non-recurring merger-related charges during the period from January 1, 2001 through June 25, 2001. These charges have been eliminated from the pro forma results.

(4)

We recorded a non-cash deferred income tax benefit during the period from June 26, 2001 through December 31, 2001. This benefit represents the utilization of deferred tax liabilities recorded at the date of our acquisition of our predecessor company.



(5)

Other data:

| | Actual | | | | |
|---|---|---|---|---|---|
| | Predecessor Company | Company | | | |
| | Period from January 1 through June 25, 2001 | Period from June 26 through December 31, 2001 | Adjustments for Completed Transactions | Adjustments for this Offering | Pro Forma 2001 |
| Adjusted EBITDA | $ 38,641 | $ 49,556 | $ 1,844 | $ | $ 90,041 |
| Free cash flow | (6,388) | 9,680 | 1,913 | 20,192 | 25,397 |

The table below reconciles operating income (loss) to adjusted EBITDA and free cash flow:

| | | | | | |
|---|---|---|---|---|---|
| **Operating income (loss)** | $ (69,805) | $ (49,498) | $ 7,722 | $ | $ (111,581) |
| Corporate non-cash deferred stock compensation | 14,773 | | (11,259) | | 3,514 |
| Depreciation and amortization | 53,077 | 99,054 | 45,977 | | 198,108 |
| Non-recurring merger charges | 40,596 | | (40,596) | | |
| **Adjusted EBITDA** | 38,641 | 49,556 | 1,844 | | 90,041 |
| Interest expense (net) | (41,337) | (34,821) | 69 | 20,192 | (55,897) |
| Cash taxes | (527) | (339) | | | (866) |
| Capital expenditures | (3,165) | (4,716) | | | (7,881) |
| **Free cash flow** | $ (6,388) | $ 9,680 | $ 1,913 | $ 20,192 | $ 25,397 |

Adjusted EBITDA consists of operating income (loss) plus non-recurring merger charges, depreciation and amortization, and corporate non-cash deferred stock compensation. Adjusted EBITDA, as we define the term, may not be comparable to similarly titled measures employed by other companies.

Free cash flow consists of adjusted EBITDA less interest expense (net), cash taxes and all capital expenditures. Free cash flow, as we define the term, may not be comparable to similarly titled measures employed by other companies.

**Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations**
**for the Nine Months and the Three Months Ended September 30, 2002**
**(in thousands, except per share amounts)**

| Nine Months Ended September 30, 2002 | | | Three Months Ended September 30, 2002 |
|---|---|---|---|
| Actual | Adjustments for this Offering (1) | Pro Forma | |